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July 10, 1981

Mr. Minoru Arakawa, President
Nintendo of America, Inc.
1107 Broadway, Suite #1420
New York, NY 10010

Re: Supplemental Report on Trademark Search for
SKY SKIPPER and DONKEY KONG
And Report on Recent Federal Court Case
Concerning Video Games
Our File: NOAM-5-1099

Dear Mr. Arakawa:

Further to our letter of July 1, 1981, we are enclosing for your information and records, the computerized print out of the Trademark searches for "Sky Skipper" and "Donkey Kong". As indicated in our preliminary report, both proposed trademarks appear to be available for the exclusive use and registration by Nintendo. Also we have enclosed a copy of a recent Federal District Court Case out of New York upholding the copyright in a video game display.

TRADEMARK SEARCH REPORTS

For "Sky Skipper" the search shows a number of two word marks formed by "Sky" and "Skipper", however, no prior registrations of the combination "Sky Skipper" were found. Of possible interest are the registration Nos. 1,151,117 and 1,139,819 to Atari, Inc. of Sunnyvale, California, for "Sky Raider" and "Skydiver", both being used on video games. While we would have preferred to see these two registrations owned by different companies, rather than by the same company, Atari, it is still our opinion that you are fee to adopt your trademark "Sky Skipper" and that it will be registerable over the Atari marks. We base this opinion on the fact that "Sky" is used as the first word in so many trademarks applied to games and toys (for example, see the registrations for "Sky Battle", "Sky High", "Sky Shooter", "Skysport", "Sky-Spy", etc.) that Nintendo's proposed use of "Sky Skipper" could not be confused with "Sky Raider" or "Skydiver" merely on the basis that these trademarks all begin with "Sky".

Similarly "Skipper" has been used many times both by itself and in combination with another word on such related goods as games and toys. It is therefore our opinion that your proposed use of "Skipper" in "Sky Skipper" will not be confused with another manufacturer's products.

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The same conclusion of availability and registerability has been reached for the mark "Donkey Kong". Based on the trademark search results, no single company appears to have exclusive rights to either "Donkey" or "Kong" in the field of toys, games, and related goods. Moreover, the search results failed to show any combination of words similar to "Donkey Kong". As a matter of general interest, Milton Bradley has registered "Kongo" for a table game and Tufftoys, Inc. of Denver, Colorado has registered "Kong" and "The Amazing Kong" for toys for pets, and Mego Corp. has registered "King Kong" for toy animal figures and play sets. We do not see any conflict with these registrations in Nintendo's proposed use or "Donkey Kong" for video games.

RECENT FEDERAL DISTRICT COURT CASE IN NEW YORK

For your information we are also enclosing a copy of a recently decided Federal District Court Case out of the Eastern District of New York, Stern Electronics, Inc. v. Harold Kaufam d/b/a Bay Coin, Omni Video Games, Inc. and others.

Briefly, this case was decided on a request by the Plaintiff, Stern Electronics, Inc., for a preliminary injunction against the defendants who were manufacturing and/or distributing video games which infringed either or both of the plaintiff's trademark rights and copyrights. The case involves two separate occurrences of infringement.

(a) First, the defendants were injoined from infringing the plaintiff's copyrights on "Kamikaze" and "Astro Invaders" by selling video games that were identical to plaintiff's, but under an entirely different trademark name "Zygon". For this cause of action, the defendant's apparently consented to a preliminary injunction by the court allowing the infringing video games to be impounded during the court's full consideration of the case through trial.

(b) In a second portion of the same case, the same or related defendants were charged with infringing both the trademark and copyright on plaintiff's game "Scramble". The game was created by a Japanese corporation, Konami Industry Co., Ltd. who licensed the exclusive rights (through in intervening company) to the plaintiff Stern. The court found that the plaintiff Stern was likely to prevail, at trial, on both the trademark infringement charge and the copyright infringement charge. For the trademark cause, it was found that the plaintiff Stern had the exclusive rights to the name, for video games in the United States, and that the defendants technically prior use of the name "Scramble" was not in good faith and could not be set up as a defense to the plaintiff's claim of trademark infringement.

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Secondly, the court found that the plaintiff had valid copyright protection for the "audiovisual" game display effects, regardless of how the display was generated (in this case by means of a program stored in a microcomputer circuit within the game unit). Furthermore, the court found that the defendant probably infringed the plaintiff's copyright because of the "substantial similarity" between the audiovisual effects of the defendant's game and the plaintiff's copyrighted game. The court specifically found that the games were not identical, but that there was enough similarity between the "audiovisual effects" to justify a finding of copyright infringement. The court stated:

> These differences in the attract mode clearly indicate that the games are not identical, but the two games are substantially similar. *** Even if the attract mode were totally different in the two games, the copying of the play mode would still constitute a copyright infringement.

This is an extremely important, leading case on the scope of copyright protection for the video game business. We will follow the progress of the case to its conclusion. It is noted that the judge's decision thus far is based on a preliminary injunction in which the court only decides whether the plaintiff is likely to win at trial. It is always possible that there can be some changes in the court's judgement after the full trial of the case. In any event, the case is a favorable precedent for any litigation brought in a trial court for an injunction against pirated or "knock-up" video games.

Please note that we are waiting for the information requested in our letter of July 1, 1981.

Sincerely,

CHRISTENSEN, O'CONNOR,
JOHNSON & KINDNESS

By
Larry A. Jackson

LAJ/slb
Enclosures
cc: Ron Judy w/enclosures